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Federal Deposit Insurance Corporation
San Francisco Regional Office
Director Johns F. Carter
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, CA 94105

Dear Sir,

We are writing in regard to Wal-Mart's request for deposit insurance for its pending ILC application in the state of Utah.

All one must do is look to the disastrous lessons of history to know the importance of keeping banking and commerce separate. Are we now considering allowing it to happen again? Mixing of banking and commerce is as bad public policy now as it was then considering that it could jeopardize the impartial allocation of credit and create conflicts of interest. Congress reaffirmed its opposition to the mixing of banking and commerce in the Gramm-Leach-Bliley Act.

Would there not be temptation for a Wal-Mart bank to favor their suppliers in credit decisions or for Wal-Mart to require their suppliers to bank with the Wal-Mart Bank?

It is widely been reported of some less than principled dealings by a former member of the Wal-Mart Board of Directors in dealing with his own company. Would not the temptation be as great or even greater for this in dealing with companies other than their own?

Wal-Mart has a well-documented history of de-stabilizing communities. With its vast resources, it could drive out community banks like it has driven out community grocery stores, pharmacies, and hardware stores. Where would this leave our communities?

Wal-Mart has stated they want to only operate the proposed ILC for their own use. If, and that is a big if when their history is considered, they would only make use of the ILC for themselves what would the public's interest be in providing deposit insurance to Wal-Mart for Wal-Mart to do business with itself?

The systemic risk posed by a Wal-Mart Bank would be great. Wal-Mart controls 8% of the non-restaurant, non-automotive sales in the United States. With a branch of Wal-Mart Bank in every store, it would represent a dangerous and unprecedented concentration of economic power.

We urge you to take steps to protect the banking system and honor the wishes of Congress and public policy by keeping banking and commerce separate.

Very truly yours,

WDV/sk